



DEFENSE FINANCE AND ACCOUNTING SERVICE

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DFAS-HQ /FMM

MEMORANDUM FOR DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
CLEVELAND CENTER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
DENVER CENTER

SUBJECT: Interim Change to the DoDFMR, Volume 7B, Regarding the Precedence of Pay
Deductions from Retired Pay (DFAS Item #I-74)

Attached is interim change **R10-00** to the DoDFMR, Vol 7B regarding the precedence of
pay deductions and collections to use for retired pay. This change is effective immediately.

We have evaluated your comments on the draft change to the DoDFMR, Volume 7B.
The attached final version of the change includes your comments where appropriate.
Assignment of an interim change number is your authority to initiate a procedural modification
to facilitate this change. For Denver Center, use the attached to initiate the formal change to the
DoDFMR, Volume 7B.

Jerry S. Hinton
Acting Director for Finance

Attachment
As stated

cc: OUSD(C)ODCFO(FD)
DASD (MPP)(COMP)
ODGC (F)
DFAS-DE/DG
Service Liaisons
USCG/NOAA/PHS Liaisons

1. Add the following to the Table of Contents under Chapter 28:

"2814 Priority of Deductions and Collections.....28-9"

2. Add a new section 2814 to read:

"2814 PRIORITY OF DEDUCTIONS AND COLLECTIONS

When the amounts due a member are not enough to cover authorized deductions or collections, collect applicable amounts shown in the following sequence:

281401. Reduction of pay entitlement. Losses of pay entitlement take precedence over all other items for deduction or collection. These reductions include:

- A. Readjustment pay.
- B. Separation Pay.
- C. Severance Pay.
- D. Variable Separation Incentive (VSI).
- E. Special Separation Benefit (SSB).
- F. Reserve Special Separation Pay (RSSP).
- G. Forfeiture of pay.
- H. Department of Veterans Affairs (VA) Compensation.

281402. Reimbursement to the United States to include:

- A. Federal income tax withholding (FITW).
- B. TRICARE - Dental Plan.
- C. Retired Serviceman's Family Protection Plan (RSFPP) premiums.
- D. Survivor Benefit Plan (SBP) and Supplemental Survivor Benefit Plan (SSBP) premiums.

- E. Reserve Component Survivor Benefit Plan (RCSBP) premiums.

281403. Involuntary repayment of indebtedness to the United States which includes:

- A. Routine adjustments and automatic collections (See paragraph 280501 of this volume).
- B. Other over-payments of retired pay.
- C. Debts arising from active duty.
- D. Debts to DoD appropriated fund activities.
- E. Hospital rations issued to member.
- F. Excess cost of shipment of household goods.
- G. Unpaid hospital bills for medical services furnished a dependent.
- H. Delinquent RSFPP, SBP, SSBP, or RCSBP costs.
- I. Court martial fines.
- J. Debts from other department or agencies outside DoD, including court judgments.

281404. Garnishment for alimony and child support payments and Uniformed Services Former Spouses' Protection Act (FSPA) payments.

281405. Court-ordered bankruptcy payments under Chapter 13 of the revised Bankruptcy Act.

281406. Indebtedness to a non-appropriated fund activity.

281407. State income tax withholding (SITW).